

JAN 22 2021

A BILL FOR AN ACT

RELATING TO HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that lands utilized by
2 the department of Hawaiian home lands to provide housing for
3 native Hawaiians are offered at affordable rates when compared
4 to similar housing available in Hawaii. The purpose of this Act
5 is to exempt any housing development for the department of
6 Hawaiian home lands from general excise taxes.

7 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read as follows:

10 "§237- Exemptions for any housing development for the
11 department of Hawaiian home lands. (a) All gross income
12 received by any qualified person or firm for the planning,
13 design, financing, or construction of any housing development
14 for the department of Hawaiian home lands shall be exempt from
15 general excise taxes.

16 (b) The department of Hawaiian home lands may approve and
17 certify for exemption from general excise taxes any qualified



1 person or firm involved with a newly constructed, or a
2 moderately or substantially rehabilitated, project that is:

3 (1) Developed under a government assistance program
4 approved by the department of Hawaiian home lands;

5 (2) Developed under the sponsorship of a private nonprofit
6 organization providing home rehabilitation or new
7 homes for qualified families in need of decent, low-
8 cost housing;

9 (3) Developed by a qualified person or firm to provide
10 affordable rental housing where at least fifty per
11 cent of the available units are for households with
12 incomes at or below eighty per cent of the area median
13 family income as determined by the United States
14 Department of Housing and Urban Development; or

15 (4) Developed by contract or project developer agreement
16 to provide affordable housing through new construction
17 or substantial rehabilitation; provided that:

18 (A) The allowable general excise tax and use tax
19 costs shall apply to contracting only and shall
20 not exceed \$30,000,000 per year in the aggregate



1 for all projects approved and certified by the
2 department of Hawaiian home lands; and

3 (B) At least twenty per cent of the available units
4 are for households with incomes at or below
5 eighty per cent of the area median family income
6 as determined by the United States Department of
7 Housing and Urban Development.

8 (c) To obtain certification for exemption under this
9 section, housing projects shall, unless exempted by the
10 department of Hawaiian home lands, be covered by a regulatory
11 agreement with the department of Hawaiian home lands to ensure
12 the project's continued compliance with the applicable
13 eligibility requirements set forth in subsection (b).

14 (d) All claims for exemption under this section shall be
15 filed with and certified by the department of Hawaiian home
16 lands and forwarded to the department of taxation. Any claim
17 for exemption that is filed and approved, shall not be
18 considered a subsidy.

19 (e) For purposes of this section:

20 "Moderate rehabilitation" means rehabilitation to upgrade a
21 dwelling unit to a decent, safe, and sanitary condition, or to



1 repair or replace major building systems or components in danger
2 of failure.

3 "Qualified person" means any individual, partnership, joint
4 venture, corporation, association, limited liability
5 partnership, limited liability company, business, trust, or any
6 organized group of persons or legal entities, or any combination
7 thereof, which possesses all professional or vocational licenses
8 necessary to do business in the State of Hawaii in conjunction
9 with the planning, design, financing, construction (including
10 materials and supplies for new construction, moderate
11 rehabilitation, and substantial rehabilitation) sale, or rental
12 of projects under the sponsorship of the department of Hawaiian
13 home lands.

14 "Substantial rehabilitation" means the improvement of a
15 property to a decent, safe, and sanitary condition that requires
16 more than routine or minor repairs or improvements. It may
17 include but is not limited to the gutting and extensive
18 reconstruction of a dwelling unit, or cosmetic improvements
19 coupled with the curing of a substantial accumulation of
20 deferred maintenance and includes renovation, alteration, or
21 remodeling to convert or adapt structurally sound property to



1 the design and condition required for a specific use, such as
2 conversion of a hotel to housing for elders.

3 (f) The department of Hawaiian home lands may establish,
4 revise, charge, and collect a reasonable service fee, as
5 necessary, in connection with its approvals and certifications
6 under this section. The fees shall be deposited into the
7 Hawaiian home administration account."

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

10
INTRODUCED BY:  _____



S.B. NO. 881

Report Title:

Housing; General Excise Tax Exemption

Description:

Exempts housing development for the Department of Hawaiian Home Lands from general excise taxes.

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